

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 493 - SB 1109

March 29, 2011

SUMMARY OF BILL: Extends the prohibition on new nursing home beds, except for 125 Medicare skilled nursing facility beds, to June 30, 2013.

ESTIMATED FISCAL IMPACT:

**Forgone State Revenue - \$222,500/FY11-12/Nursing Home Bed Tax
\$222,500/FY12-13/Nursing Home Bed Tax**

**State Expenditures – Cost Avoidance – \$1,898,000/FY11-12
\$1,898,000/FY12-13**

**Federal Expenditures – Cost Avoidance – \$3,723,000/FY11-12
\$3,723,000/FY12-13**

Assumptions:

- Current law limits the number of new nursing home beds for which certificates of need may be issued by the Health Services Development Agency during FY09-10 and FY10-11. This will extend the current limitation for two additional fiscal years.
- The Bureau of TennCare estimates potential bed growth of 100 beds for Medicaid eligible individuals if the provisions of the bill are not enacted.
- The state will forgo any increased revenue from the nursing home bed tax of \$2,225 per bed resulting in a total of \$222,500 (\$2,225 x 100 beds) in forgone state revenue each fiscal year.
- The TennCare daily reimbursement rate is \$154. TennCare will avoid an increase in expenditures estimated to be \$5,621,000 (100 beds x \$154 x 365 days).
- Of the \$5,621,000, \$1,898,043 would be state funds at a rate of 33.767 percent and \$3,722,957 would be federal funds at a match rate of 66.233 percent.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact style than the last name "White".

James W. White, Executive Director

/kml